



# **Kansas Health Policy Authority Board**

## **Health Reform Recommendations**

### ***UPDATED***

**January 10, 2008**

**PREPARED BY:**



# EXECUTIVE SUMMARY

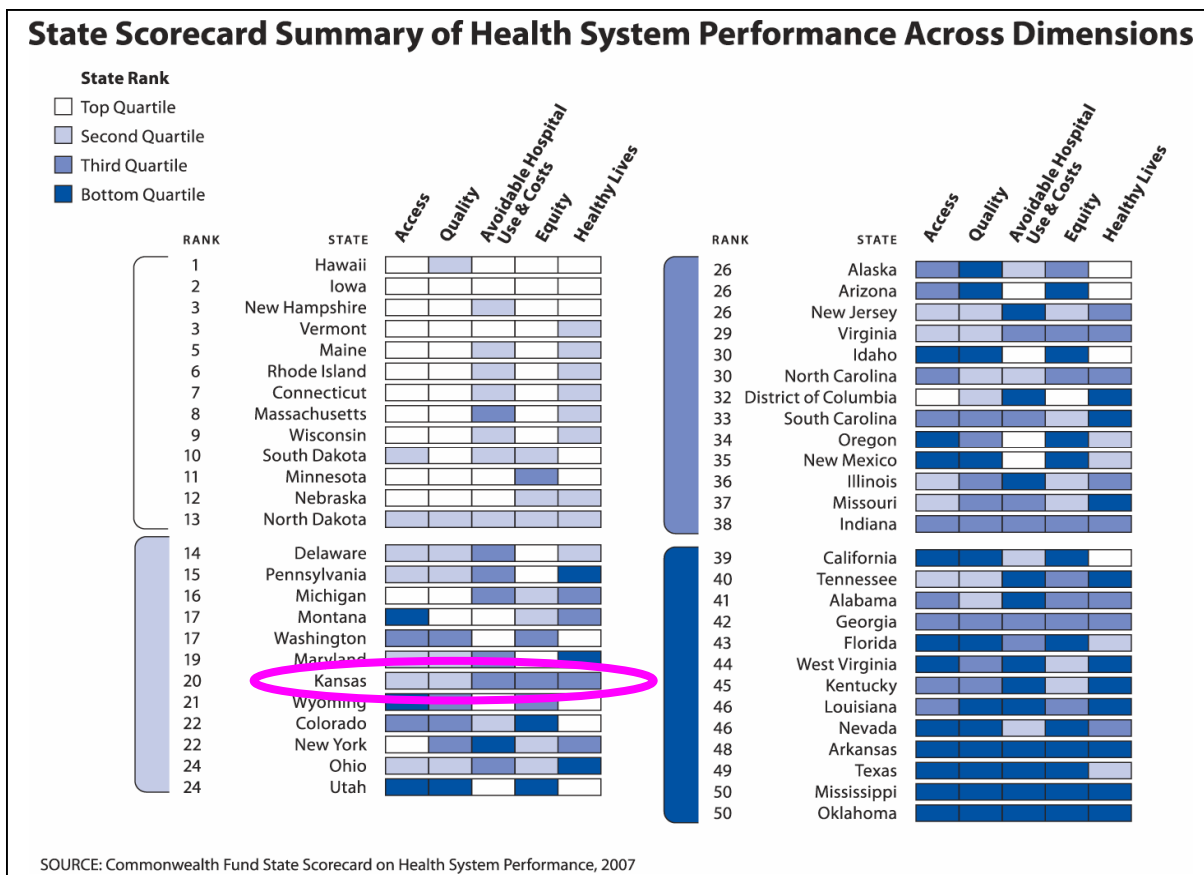
## BACKGROUND

The current health system in Kansas and the nation face many challenges. Health care costs continue to rise at an unsustainable rate, the health system is inefficient and fragmented, and the health status of many Kansans is at risk. From the perspective of health system performance, Kansas currently ranks 20<sup>th</sup> in the nation<sup>1</sup> – we can and should do better (Figure 1). The goals of the health reform recommendations described in this report are twofold: 1) to begin the *transformation* of our underlying health system in order to address the staggering rise in health care costs and chronic disease, as well as the underinvestment in the coordination of health care; and 2) to provide Kansans in need with affordable access to health insurance. Taken together, these reforms lay out a meaningful first step on the road to improve the health of Kansans, and we respectfully submit them to the Governor and Legislature for their consideration.

These health reform recommendations were requested by both the Governor and the Legislature. During the 2007 legislative session, the Kansas Legislature passed House Substitute for Senate Bill 11 (SB 11), which included a number of health reform initiatives. This Bill passed unanimously by both the House and Senate, and was signed into law by the Governor. In addition to creating a new “Premium Assistance program” to expand access to private health insurance, the Bill directed the Kansas Health Policy Authority (KHPA) to develop health reform options in collaboration with Kansas stakeholders.

The health reform recommendations described herein are the result of deliberations of the KHPA Board, four Advisory Councils (140 members), a 22 community listening tour, and feedback from numerous stakeholder groups and other concerned citizens of Kansas – over 1,000 Kansans provided us with their

Figure 1



\*For more information about the Study, go to [http://www.commonwealthfund.org/publications/publications\\_show.htm?doc\\_id=494551](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=494551)



advice and suggestions. In addition, four Kansas foundations – the United Methodist Health Ministry, the Sunflower Foundation, the REACH Foundation, and the Health Care Foundation of Greater Kansas City – funded an independent actuarial and policy analysis of various health insurance models as well as the coordination of the four Advisory Councils. The modeling was instrumental in the development of the health insurance recommendations offered by the KHPA Board, and a separate document describing these models is available through the United Methodist Health Ministry Fund ([www.healthfund.org](http://www.healthfund.org)).

These health reform recommendations represent just one of the many chapters required to write the story of improved health and health care in Kansas. Ultimately, the solution for our fragmented health system requires leadership at the federal level. However, the state of Kansas should debate and embrace reform solutions that can help our citizens right now. Additional policy issues – such as health professions workforce development, and a focus on the safety and quality of care – must also be addressed in subsequent health reform proposals over the course of the coming months and years.

## PRIORITIES

Kansas established three priorities for health reform:

- 1) **Promoting Personal Responsibility** – for healthy behaviors, informed use of health care services, and sharing financial responsibility for the cost of health care;
- 2) **Promoting Medical Homes and Paying for Prevention** – to improve the coordination of health care services, prevent disease before it starts, and contain the rising costs of health care; and
- 3) **Providing and Protecting Affordable Health Insurance** – to help those Kansans most in need gain access to affordable health insurance.

The combination of these health reforms helps to improve the health status of Kansans, begins to contain the rising cost of health care in our state, and improves access to affordable health insurance.

The table below outlines the reform priorities recommended by the KHPA Board on November 1, 2007. Those policy initiatives identified as high priority are marked by an asterisk.

## SUMMARY OF REFORM RECOMMENDATIONS

Promoting Personal Responsibility (P1)		
Policy Option	Population Served	Estimated Cost
<b>Improve Health Behaviors.</b> Encourage healthy behaviors by individuals, in families, communities, schools, and workplaces. <b>(Policies listed under P2)</b>		
<b>Informed Use of Health Services</b>		
<b>*P1 (1) Transparency for Consumers: Health Care Cost &amp; Quality Transparency Project.</b> Collect and publicize Kansas specific health care quality and cost information measures which will be developed for use by purchasers and consumers	All Kansans with access to the Internet (or access to public libraries)	\$200,000 State General Fund (SGF) for Phase II of the Transparency project
<b>*P1 (2) Promote Health Literacy.</b> Provide payment incentives to Medicaid/HealthWave providers who adopt health literacy in their practice settings	Medicaid/HealthWave enrollees under care of these providers	\$280,000 All Funds (AF) \$140,000 SGF for pilot program with Medicaid/ HealthWave providers
<b>Shared Financial Responsibility.</b> Asking all Kansans to contribute to the cost of health care. <b>(Policies listed under P3)</b>		
<b>Estimated Costs for P1</b>	<b>\$480,000 AF \$340,000 SGF</b>	



Promoting Medical Homes and Paying for Prevention (P2)		
Policy Option	Population Served	Estimated Cost
<b>Promoting Medical Homes</b>		
<b>*P2 (1) Define Medical Home.</b> Develop statutory/regulatory definition of medical home for state-funded health programs – Medicaid, HealthWave, State Employee Health Plan (SEHP)	Beneficiaries of state-funded health care plans	Planning process should incur minimal costs to KHPA
<b>*P2 (2) An Analysis of and Increase in Medicaid Provider Reimbursement.</b> Increased Medicaid/HealthWave reimbursement for primary care and prevention services	Beneficiaries and providers in Medicaid and HealthWave programs	\$10 million AF; \$4 million SGF
<b>P2 (3) Implement Statewide Community Health Record (CHR).</b> Design statewide CHR to promote efficiency, coordination, and exchange of health information for state-funded health programs (Medicaid, HealthWave, SEHP)	Beneficiaries of state-funded health care plans	\$1.8 million AF; \$892,460 SGF
<b>P2 (4) Promote Insurance Card Standardization.</b> Promote and adopt recommendations from Advanced ID Card Project for state-funded health programs	Kansans who qualify/enrolled in state-funded health care plans	\$172,000 AF; \$86,000 SGF
<b>Paying for Prevention: Healthy Behaviors in Families/Communities</b>		
<b>*P2 (5) Increase Tobacco User Fee.</b> Institute an increase in the tobacco user fee \$.50 per pack of cigarettes, and an increase in the tax rate of other tobacco products to 57% of wholesale price.	Total Kansas population	Provides revenues of \$61.57 million. Dept of Revenue estimate 12/07
<b>*P2 (6) Statewide Restriction on Smoking in Public Places.</b> Enact statewide smoking ban in public places, couples with Governor's Executive Order requiring state agencies to hold meetings in smoke-free facilities	1.4 million working adults in Kansas	No cost to the state; limited evidence of other cost implications
<b>*P2 (7) Partner with Community Organizations.</b> Expand the volume of community-based health and wellness programs through partnerships between state agencies and community organizations	All residents and visitors to state of Kansas	Costs dependent upon scope of project (number of organizations)
<b>Paying for Prevention: Healthy Behaviors in Schools</b>		
<b>*P2 (8) Include Commissioner of Education on KHPA Board.</b> Expand the KHPA Board to include an ex-officio seat for the Kansas Commissioner of Education	Kansas school children	No cost
<b>*P2 (9) Collect Information on Health/Fitness of Kansas School Children.</b> Support the establishment of a state-based surveillance system to monitor trends of overweight, obesity, and fitness status on all public school-aged children in Kansas	Kansas school children K-12; for 2006-07 year, there were 465,135 enrolled K-12 students	Schools would incur some indirect costs for staff training and body mass index (BMI) measurement



Promoting Medical Homes and Paying for Prevention (P2) (continued)		
Policy Option	Population Served	Estimated Cost
<b><i>Paying for Prevention: Healthy Behaviors in Schools</i></b>		
<b>*P2 (10) Promote Healthy Food Choices in Schools.</b> Adopt policies that encourage Kansas school children to select healthy food choices by competitively pricing and marketing these foods and restricting access to foods with little or no nutritional value	Kansas school children K-12; for 2006-07 year, there were 465,135 enrolled K-12 students	Depending on pricing policies, implementation of this initiative may reduce or increase the revenue generated
<b>*P2 (11) Increase Physical Fitness and School Health Programs.</b> Strengthen physical education (PE) requirements and expand Coordinated School Health (CSH) programs	465,135 enrolled K-12 students	\$8,500 per participating school. KDHE has requested \$1.8 million SGF for the CSH program for participation of 100 districts
<b><i>Paying for Prevention: Healthy Behaviors in Workplace</i></b>		
<b>*P2 (12) Wellness Grant Program for Small Business.</b> Develop a community grant program to provide technical assistance and start-up funds to small businesses to assist them in the development of workplace wellness programs	Kansas employees of small firms	\$100,000 SGF for pilot project
<b>*P2 (13) Healthier Food Options for State Employees.</b> Expand healthy food choices in state agency cafeterias and vending machines	Approximately 45,000 state employees	Costs depend on contract negotiations and pricing policies
<b><i>Paying for Prevention: Additional Prevention Options</i></b>		
<b>*P2 (14) Provide Dental Care for Pregnant Women.</b> Include coverage of dental health services for pregnant women in the Kansas Medicaid program	6,600 Pregnant women enrolled in Medicaid	\$1.3 million AF; \$524,000 SGF
<b>*P2 (15) Improve Tobacco Cessation within Medicaid.</b> Improve access to Tobacco Cessation programs in the KS Medicaid program to reduce tobacco use, improve health outcomes, and decrease health care costs	Approximately 84,000 Medicaid beneficiaries who smoke	\$500,000 AF; \$200,000 SGF for an annual cost
<b>*P2 (16) Expand Cancer Screenings.</b> Increase screenings for breast, cervical, prostate, and colon cancer through expansion of the Early Detection Works (EDW) program	7,500 women (for Breast/Cervical screenings); 6,100 men (for prostate cancer screening); and 12,000 Kansans (for colorectal cancer screenings)	KDHE has requested \$6.7 million SGF for cost of expansion of all three cancer screenings
<b>Estimated Costs for P2</b> <div> <div>\$22.4 million AF</div> <div>\$14.3 million SGF</div> </div>		



Providing and Protecting Affordable Health Insurance (P3)		
Policy Option	Population Served	Estimated Cost
<b>*P3 (1) Access to Care for Kansas Children and Young Adults</b>		
<ul style="list-style-type: none"> <li>Aggressive targeting and enrollment of children eligible for Medicaid and HealthWave</li> <li>Include specific targets and timelines for improved enrollment. Inability to meet targets will “trigger” additional action by the KHPA, to include the consideration of mandating that all children in Kansas have health insurance</li> <li>Allow parents to keep young adults (through age 25 years) on their family insurance plan</li> <li>Develop Young Adult policies with limited benefit package and lower premiums</li> </ul>	Estimated 20,000 Medicaid/HealthWave eligible  Estimated 15,000 young adults	\$22 million AF \$14 million SGF
<b>*P3 (2) Expanding Insurance for Low-Income Kansans**</b>		
<ul style="list-style-type: none"> <li>Expansion population for the Premium Assistance program               <ul style="list-style-type: none"> <li>Adults (without children) earning up to \$10,210 annually[100% federal poverty level (FPL)]</li> </ul> </li> </ul>	Estimated 39,000 low income Kansas adults	\$119 million AF \$ 56 million SGF
<b>*P3 (3) Affordable Coverage for Small Businesses</b>		
<ul style="list-style-type: none"> <li>Encourage Section 125 plans (develop Section 125 “toolkits”) and education campaign for tax-preferred health insurance premiums</li> <li>Develop a “voluntary health insurance clearinghouse” to provide on-line information about health insurance and Section 125 plans for small businesses and their employees</li> <li>Add sole proprietors and reinsurance to the very small group market (VSG: one to ten employees). Stabilize and lower health insurance rates for the smallest (and newest) businesses: obtain grant funding for further analysis</li> <li>Pilot projects – support grant program in the Department of Commerce for small business health insurance innovations</li> </ul>	Estimated 12,000 small business owners and their employees  (***)Note: At the person level, the uncompensated care costs for the previously uninsured are reduced due to this change, hence the reduction in All Funds shown above. Practically, however, at the program level, the State of Kansas will not change the State’s Disproportionate Share Hospital reimbursement methodology.)	-\$5 million AF*** \$1 million SGF
<b>Estimated Costs for P3</b> Cost of all 3 policy options is:		
		<b>\$136 million AF</b> <b>\$ 71 million SGF</b>
<b>Total Costs</b>		<b>\$158.9 million AF**</b> <b>\$ 85.7 million SGF</b> <b>** (includes federal matching dollars)</b>

\*\*Two additional components of health reform, separate from the policies listed here, are being submitted to the Governor and Legislature as part of the KHPA budget. Funding for each is essential as the “building blocks” of health reform: 1) **Premium Assistance**. As designed in SB 11, this request asks for a \$5.037 million enhancement (\$12.075 AF) for the Premium Assistance program in FY2009; these funds will provide private health insurance to parents of children

eligible for Medicaid who earn less than 50% of the FPL (approximately \$10,000 for a family of four); and 2) **Web-Based Enrollment System**. The KHPA budget asks for a \$4 million enhancement for FY2009 (\$8 million AF) to implement a new electronic eligibility system that can support premium assistance, enhanced outreach, and program participation through web-based enrollment.

